

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 1-27-06
 SPONSOR Leavell LAST UPDATED 1-30-06 HB _____
 SHORT TITLE Workers' Comp Tax Refund Intercept Program SB 226
 ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$0.1	\$0.1	Recurring	Uninsured Employers' Fund and Workers' Compensation Administration Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Amends the Tax Administration Act to allow for interception of tax refunds for certain debts owed by employers to the Uninsured Employers' Fund and to the Workers' Compensation Administration Fund. Amends the Tax Refund Intercept Program Act to include Corporate and Franchisee Tax Act.

FISCAL IMPLICATIONS

This bill will improve efforts to collect past due amounts owed to the uninsured employers' fund and non payment of fees due under the workers' compensation administration act. It is unknown at this time how much will be collected.

The tax refund intercept act is being amended to include corporate income and franchise tax acts. This would benefit all the claimant agencies by increasing the number of refunds subject to re-fund interception.

SIGNIFICANT ISSUES

The tax refund intercept program act aid in the collection of outstanding debts. The tax refund intercept program act is being amended to include nonpayment of reimbursements owed to the

uninsured employers' fund and non payment of fees due under the workers' compensation administration act. This will allow amounts owed to be set off against the state income tax refunds due to Workers' Compensation Administration.

The bill also amends (page 5 line 21 and page 10 line 18) the definition of "refund". The bill adds Corporate Income and Franchise Tax Act. This addition opens more refunds to interception. Previously only refunds under the Income Tax Act for individuals will be available for interception.

The Workers' Compensation Administration will be ranked 11th in the order of priority agencies receive intercepted refunds.

PERFORMANCE IMPLICATIONS

This bill should help the Workers' Compensation Administration collect more receivables.

ADMINISTRATIVE IMPLICATIONS

This isn't a provision for the costs associated with implementing this program. Workers' Compensation Administration is funded by the fees collected. The tax intercept program at New Mexico Taxation and Revenue Department charges a fee for interception.

OTHER SUBSTANTIVE ISSUES

Corporate and Franchise Tax refunds would now be available for interception.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Amounts owed to the agency will continue to go uncollected.

DL/mt:yr